

CelcomDigi (CDB MK)

2025: Results In Line; Synergistic Savings Into 2026

Highlights

- CelcomDigi reported 4Q25 net profit of RM350m for 4Q25. Stripping out accelerated depreciation and asset impairment, 4Q25 core net profit came in at RM400m (-1% yoy; flat qoq). This brings 2025 net profit to RM1,660m (-4% yoy), in line with house and street's estimates.
- 2025's total dividend of 14.7 sen/share reflects a 104% core earnings payout.
- We trim 2026-27 earnings forecasts marginally by 1-3% as we housekeep for elevated depreciation charges into 2026. Maintain BUY with a marginally lower DCF-based target price of RM4.05.

4Q25 Results

Year to 31 Dec (RMm)	4Q25	qoq % chg	yoy % chg	2025	yoy % chg
Revenues	3,445.1	10.2	5.2	12,957.7	2.2
Reported EBITDA	1,449.0	1.8	(6.3)	5,576.9	(3.8)
EBITDA Margin (%)	42.1	(3.5)	(5.2)	43.0	(2.7)
Pre-tax profits	450.1	(10.4)	148.6	2,102.9	21.2
Net profit	349.6	5.1	128.8	1,513.5	11.8
Core Net profit	399.6	(0.2)	(1.3)	1,659.5	(4.1)
EPS (sen)	3.0	3.5	124.9	13.0	11.2
DPS (sen)	3.6	0.0	(2.7)	14.7	2.8
Subscribers ('000)	20,590	0.5	(0.2)		
Blended ARPUs (RM/mth)	40	(2.4)	(4.8)		
Cost Structure (% of revenue)	4Q24	1Q25	2Q25	3Q25	4Q25
Direct expenses	24.9%	26.6%	25.5%	26.1%	30.5%
S&M	5.0%	5.3%	5.4%	5.0%	4.6%
Staff cost	4.1%	7.7%	5.5%	6.0%	6.0%
Bad debts	1.9%	1.0%	3.2%	3.2%	3.8%
G&A, others	16.9%	17.3%	16.8%	16.8%	14.5%

Source: CelcomDigi, UOB Kay Hian

Analysis

- 2025 earnings within expectations.** CelcomDigi reported 4Q25 net profit of RM350m (+129% yoy; +5% qoq), as 4Q24 saw elevated right of use (ROU) impairment charges and accelerated depreciation. Stripping this out, 4Q25 core net profit came in at RM400m (-1% yoy; flat qoq). This brings 2025 core net profit to RM1,660m (-4% yoy), which excludes: a) RM109m accelerated depreciation charges; and b) RM37m one-off staff cost, which places 2025 core net profit in line with house and street's estimates.
- Dividend yield of 4.5%.** The group declared a fourth interim net DPS of 3.6 sen/share, bringing full-year net DPS to 14.7 sen/share (2024: 14.3 sen/share). This translates to a 104% dividend payout of 2025 core net profit.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	12,679	12,956	13,263	13,402	13,608
EBITDA	6,154	5,621	5,861	6,070	6,028
Operating profit	2,321	2,672	2,891	3,242	3,433
Net profit (rep./act.)	1,378	1,514	1,726	2,003	2,165
Net profit (adj.)	1,730	1,660	1,726	2,003	2,165
EPS	14.7	14.1	14.7	17.1	18.5
PE	22.0	23.0	22.1	19.0	17.6
P/B	2.4	2.4	2.4	2.4	2.4
EV/EBITDA	8.3	9.1	8.6	8.2	8.1
Dividend yield	4.4	4.5	4.7	5.5	5.9
Net margin	10.9	11.7	13.0	14.9	15.9
Net debt/(cash) to equity	79.2	79.9	75.4	72.9	69.2
Interest cover	3.8	4.4	4.5	4.6	4.5
ROE	10.7	10.4	10.8	12.6	13.7
Consensus net profit	-	-	1,865	2,027	2,058
UOBKH/Consensus (x)	-	-	0.93	0.99	1.05

Source: CelcomDigi, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM3.25
Target Price	RM4.05
Upside	+24.6%
Previous TP	RM4.20

Analyst(s)

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Stock Data

GICS Sector	Communication Services
Bloomberg ticker	CDB MK
Shares issued (m)	11,731.5
Market cap (S\$m)	38,127.4
Market cap (US\$m)	9,741.3
3-mth avg daily t'over (US\$m)	4.0

Price Performance (%)

52-week high/low				RM4.00/RM3.15
1mth	3mth	6mth	1yr	YTD
(3.8)	(12.4)	(14.2)	(14.5)	1.9

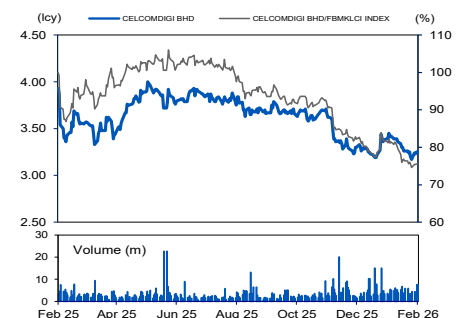
Major Shareholders

	%
Telenor ASA	33.1
Axiata Group Bhd	33.1
Employees Provident Fund	10.7

Balance Sheet Metrics

	%
FY26F NAV/Share (RM)	1.34
FY26F Net Debt/Share (RM)	1.04

Price Chart



Source: Bloomberg

Company Description

Mobile operator in Malaysia, providing 4G and 5G services.

- **Elevated bad debt provision in 2025; to normalise in 2026.** 2025 saw CelcomDigi incurring high expenses on an increase in bad debt provision allowance to RM362m (4Q25: RM130m). This is mainly attributed to the inherent weakness in its debt collection process, with bad debt provision rate rising to 3% (historical run rate: 1%) in 2H25. That said, management is confident that the group will be able to rectify the issue and return to a normalised bad debt provision rate in 2026, citing promising progress already seen in 1Q26.
- **Consumer postpaid revenue improved 5% yoy to RM1,117m (+3% qoq),** driven by healthy net adds (+298,000 yoy; +81,000 qoq in 4Q25) as: a) its existing customer base upgrades to higher valued plans, and b) there was healthy adoption of its CelcomDigi One™ convergence plans. ARPU remained stable at RM60/month (3Q25: RM60/month, 4Q24: RM60/month), sustained by a growing high-value segment base and expanding family-line adoption.
- **Consumer prepaid fell 3% yoy but rose 1% qoq to RM1,056m,** primarily bolstered by its improving ARPU of RM29/month (3Q25: RM28/month). Revenue contributions and ARPU remain resilient, underpinned by quality subscriber retention and product personalisation. Subscriber net adds continued its fall to 12,282 subscribers (-582,000 yoy; -6,000 qoq), reflecting the group's focus to break away from low quality and high churn subscribers.
- **Home and fibre division continues its robust growth.** Recording promising net adds of 98,000 yoy and 25,000 qoq, the growing division contributed revenue amounting to RM73m (30% yoy, 6% qoq). However, this resulted in ARPU moderating further to RM90/month in 4Q25 (3Q25: RM93/month, 4Q24: RM107/month) as it ramped up its CelcomDigi One convergence plans adoption to acquire higher-value customers and solidify its retention capabilities.

Valuation/Recommendation

- **Maintain BUY with a lower DCF-based target price of RM4.05 (previous target price: RM4.20).** At our fair value, the stock trades at +1SD 2026F EV/EBITDA of 10.9x. CelcomDigi remains on track to achieve its synergistic target of RM700m-800m in annual cost savings beyond 2027.

Earnings Revision/Risk

- We trim our 2026-27 earnings estimates by 1-3%, on the back of a higher asset base from 2024 onwards. This leads to higher depreciation in the near term (or >RM3b).

Environmental, Social, Governance (ESG)

Environmental

- Develop a Net Zero 2050 roadmap and set targets aligned with the SBTi by 2025.
- Migration to cloud-based data centres with lower carbon emissions as compared with traditional data centres.
- Optimise energy use of networks by adopting energy efficient hardware and best practices by retiring legacy networks.

Social

- Implemented various social impact programmes (digital inclusion, digital entrepreneurship, and digital skills) and humanitarian efforts.
- Supported the government in delivering JENDELA commitments and reaching out to underserved communities through NaDi internet centres.

Governance

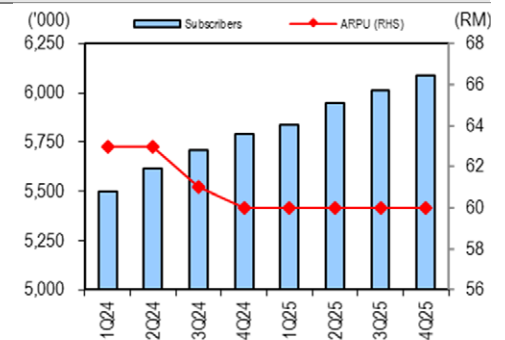
- 100% training completion in cybersecurity, safety, compliance and ethics in 2024.
- Achieved 37% of women composition in leadership roles in 2024 with a goal of reaching 40% by 2028.

Performance Guidance For 2026

2026 guidance	
Service Revenue	Low single-digit growth.
EBIT	Low to mid-single digit growth.
Capex intensity	Around 12-13% of total revenue, focusing on enhancing IT platforms and network enhancement.

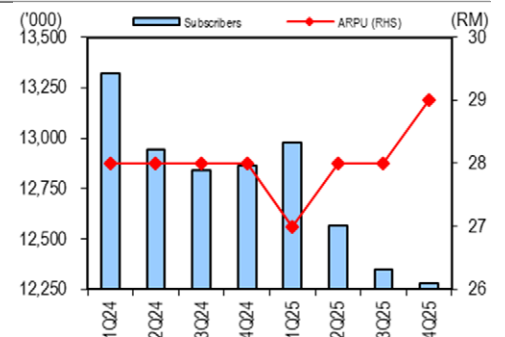
Source: CelcomDigi, UOB Kay Hian

Quarterly Postpaid ARPU And Subs



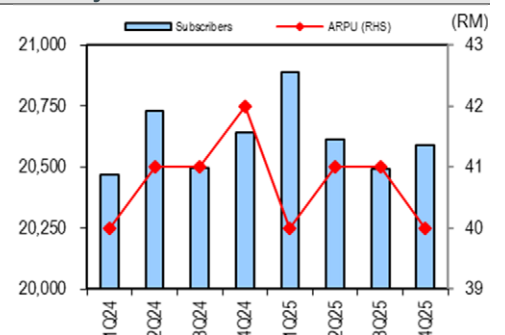
Source: CelcomDigi, UOB Kay Hian

Quarterly Prepaid ARPU And Subs



Source: CelcomDigi, UOB Kay Hian

Quarterly Blended ARPU And Total Subs



Source: CelcomDigi, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	12,956.0	13,262.9	13,402.0	13,608.4
EBITDA	5,621.0	5,860.6	6,070.2	6,027.9
Deprec. & amort.	2,847.5	2,969.4	2,828.3	2,594.7
EBIT	2,672.0	2,891.1	3,241.9	3,433.2
Total other non-operating income	(569.1)	(598.7)	(584.6)	(563.2)
Net interest income/(expense)	2,102.9	2,292.4	2,657.3	2,870.0
Pre-tax profit	(572.9)	(550.2)	(637.8)	(688.8)
Tax	(16.4)	(16.4)	(16.4)	(16.4)
Net profit	1,513.5	1,725.8	2,003.1	2,164.7
Net profit (adj.)	1,659.5	1,725.8	2,003.1	2,164.7

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	4,024.0	5,103.7	5,255.7	5,352.2
Pre-tax profit	2,102.9	2,292.4	2,657.3	2,870.0
Tax	(572.9)	(550.2)	(637.8)	(688.8)
Deprec. & amort.	2,847.5	2,969.4	2,828.3	2,594.7
Associates	(0.4)	-	-	-
Working capital changes	(309.2)	(206.7)	(176.7)	12.1
Other operating cashflows	(43.9)	598.7	584.6	564.2
Investing	(1,469.6)	(1,834.4)	(2,085.3)	(1,803.2)
Capex (maintenance)	(1,574.0)	(1,856.8)	(2,144.3)	(1,905.2)
Proceeds from sale of assets	-	-	-	1.0
Others	104.4	22.4	59.0	101.9
Financing	(2,001.5)	(2,001.4)	(2,225.2)	(2,413.6)
Distribution to unitholders	(1,736.3)	(1,793.4)	(2,081.6)	(2,249.5)
Issue of shares	-	-	-	-
Proceeds from borrowings	1,204.2	413.2	500.0	500.0
Others/interest paid	(375.3)	(621.1)	(643.6)	(665.1)
Net cash inflow (outflow)	553.0	1,267.9	945.2	1,135.3
Beginning cash & cash equivalent	224.0	778.0	2,045.9	2,991.1
Changes due to forex impact	0.9	-	-	1.0
Ending cash & cash equivalent	778.0	2,045.9	2,991.1	4,127.4

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	6,670.5	5,773.3	5,304.8	4,830.7
Other LT assets	24,978.8	24,763.3	24,547.9	24,332.4
Cash/ST investment	871.5	2,045.9	2,991.1	4,127.4
Other current assets	3,943.6	4,266.9	4,309.7	4,373.2
Total assets	36,464.4	36,849.5	37,153.5	37,663.7
ST debt	3,044.2	860.3	360.3	-139.7
Other current liabilities	5,308.9	5,331.8	5,197.9	5,276.4
LT debt	10,595.5	13,192.5	14,192.5	15,192.5
Other LT liabilities	1,537.1	1,537.1	1,537.1	1,537.1
Shareholders' equity	15,978.8	15,927.7	15,865.7	15,797.4
Minority Interest	123.8	140.2	156.7	173.1
Total liabilities & equity	36,464.4	36,849.5	37,153.5	37,663.7

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	43.4	44.2	45.3	44.3
Pre-tax margin	16.2	17.3	19.8	21.1
Net margin	12.8	13.0	14.9	15.9
ROA	4.6	4.7	5.4	5.7
ROE	10.4	10.8	12.6	13.7
Growth				
Turnover	2.2	2.4	1.0	1.5
EBITDA	(8.7)	4.3	3.6	(0.7)
Pre-tax profit	21.1	9.0	15.9	8.0
Net profit	9.9	14.0	16.1	8.1
Net profit (adj.)	(4.1)	4.0	16.1	8.1
EPS	(4.1)	4.0	16.1	8.1
Leverage				
Debt to total capital	48.5	45.8	46.1	46.3
Debt to equity	85.4	88.2	91.7	95.3
Net debt/(cash) to equity	79.9	75.4	72.9	69.2
Interest cover (x)	4.4	4.5	4.6	4.5

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